



FLORIDA STATE
UNIVERSITY
FOUNDATION

File: 4824

March 24, 1998

Mr. DeVoe L. Moore
4352 Maylor Road
Tallahassee, Florida 32308

Dear DeVoe:

In accordance with our discussion regarding the creation and operation of the DeVoe L. Moore and Family Center for the Study of Critical Issues in Economic Policy and Government, The Florida State University, the College of Social Sciences and the Florida State University Foundation, Inc. reaffirm that they will observe and adhere to the Moore Center's intended purpose, goals and objectives which are restated in this letter.

The Moore Center's educational mission will be to strengthen the theory of the market (for example the American Free Enterprise System) through instruction, research and public service. The goals and objectives of the Moore Center will be concentrated in the American Free Enterprise System and will be met through the application of public choice theory, a highly regarded and recognized interdisciplinary approach to addressing critical economic issues in government and the rules and regulations related thereto. The Moore Center's focus will be local and state government, which is a relatively new direction for public choice application.

The DeVoe L. Moore and Family Center faculty and students shall objectively research, study, teach and learn of public choice solutions to any public policy problems due to the impact of the different incentives of principals and agents in the political process. One of the new approaches in public choice is the theory of agency which specifies that "agents" who work for a "principal" will have incentives that differ from that of the "principal" and consequently the "principal" must develop ways to establish new incentives for the "agent" in order for the "principal"

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to obtain the wishes of the "principal". Florida State University will become the leader in the application of theory of this kind to local government. For example, there frequently are difficulties in local government due to the impact of:

1. The difference between the incentives of local officials and their principals, the citizens. As a result we might see the implementation of local government rules, regulations, ordinances, policies, and other formal laws and policies (hereinafter collectively referred to as the "Rules") in ways that diverge from the preferences of the citizens;
2. Similarly, we might see subjective interpretation and implementation of the "Rules" by the local government employees that depart markedly from the wishes of the citizens or "principals" of these employees;
3. In the implementation of "Rules" local government employees might behave in ways that produce a lack of predictability from the point of view of citizens interested in the land development process. This lack of predictability may relate to the incentives of the "agents" rather than to those of the "principals;"
4. In a similar manner neighborhood groups can have incentives that depart from those of the community at large or the "principals." Consequently they may employ various strategies to delay, increase expenses, and otherwise retard the development process;
5. Such groups may operate free of disincentives or without financial accountability even though their position may be wrong from the point of view of the larger community or the "principals;"

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6. As a result of such delaying strategies developments in the interests of the "principals" may cost more and therefore be required to expend more money for traditional government infrastructure;
7. One of the predictable outcomes of this pattern is the failure of local government to set up, as a spending priority, sufficient financial reserves to maintain the infrastructure of the community, because such a failure is a cost to "principals" imposed by "agents;"
8. Similarly, "agents" in this situation will advocate fees instead of taxes because fees will not sufficiently disclose the true cost of government.

In general, the theory of agency shows that it is quite possible that from the point of view of "principals:"

9. That local government "agents" will be problem-creating employees with personal biases, prejudices and agenda rather than problem-solving employees who understand that good government is good for the community;
10. That local government employees maybe rude, impatient, and uncooperative rather than helpful, friendly, and courteous employees;
11. That wasteful local government spending and social spending would come before spending for traditional governmental services, functions, and reserves;
12. That complex local government accounting systems could make it difficult for a citizen to see how and where money is being expended;

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And, further, that all of these problems stem from the difference in incentives of "agents" and "principals". The role of public choice is to find ways to correct these difficulties by finding ways to constrain the incentives of "agents" so that there is less latitude for them to "stray" from the goals of the "principals". Without new ideas of this kind there will be difficult consequences due to impact of the above problems on:

1. The free enterprise system (market theory) because the structure of incentives between "agents" and "principals" will be further removed;
2. Similarly, the incentives that develop entrepreneurial attitudes will be retarded;
3. The theory further predicts that investment in the local community under these circumstances will decline;
4. In the same manner the incentives for development and environmental problem-solving creativity will decline;
5. The growing loss because of the difference in incentives between "agents" and "principals" will lead to a drop in public confidence in both types of public officials;
6. Finally, as a result of all of these patterns which stem from the difference of incentives between "agents" and "principals" we can predict a decline in the respect for government including the electoral process at the local level, including a growing sense of "why vote, they're all the same -- politicians who are more interested in 'job security' than leading and making thorough decisions without relying on consultants hired to do what elected officials are elected to do".

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The overall goal of the DeVoe Moore Center will be to employ public choice theory to devise new ways to extend the theory in the field and thereby avoid the pitfalls of the problems of "agency" by developing new ways to articulate the attitudes of citizens and government agencies. This articulation is in the best tradition of democratic government and higher education.

Each year the Center shall publish at least four (4) reports, articles, or manuscripts describing its findings, research, studies, and teaching methodology.

Research reports, manuscripts, articles and other publications should be widely disseminated to the public. Because the mission of the Moore Center is the study of the American Free Enterprise System and to inform and influence the quality of public policy, the published products of the Center should primarily focus on that purpose or a closely related purpose.

The Dean of the College of Social Sciences shall appoint faculty members of the Moore Center to develop the agenda of the Moore Center and to disseminate its publications.

DeVoe, we recognize that you view the James Madison Institute as a strong defender of private rights and the promotion of entrepreneurship. Further, you have considered an association with the Institute in the future and look upon this venture as a promising way to fuse your interests with the Institute and the Moore Center.

The President of The Florida State University shall appoint, upon nomination by the Dean of FSU's College of Social Sciences, no less than five (5) and no more than (9) members of the DeVoe L. Moore Center Oversight Board. The Oversight Board shall guide the work of the Center in its applications of public choice to local government decisions and policies. In addition to the appointed members, either you or your designee shall serve on the Oversight Board, solely in an advisory capacity with no management authority.

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The Florida State University, the College of Social Sciences and the Florida State University Foundation will aggressively pursue additional contributions to the Moore Center Endowment recognizing that, with agreement by the respective donors, said contributions (regardless of dollar value) will qualify for a 100% match under the State of Florida Matching Gifts Program if received within one year of your gift.

It is further agreed that, except for those additional contributions designated for the Moore Center, the Moore Center Endowment shall not be commingled with other endowment assets of The Florida State University and its Foundation.

Under State University System Standard Practice No. 00-0000-5-03-01 for the State University System Challenge Grant Program -- Trust Fund for Major Gifts, an annual audit of each endowment receiving State of Florida matching funds is required. The measure for donative intent with respect to the Moore Center Endowment will be this letter's contents. A copy of the annual audit will be furnished to you (or your designee) and to each member of the Moore Center Oversight Board. Should the annual audit reflect that the Moore Center's stated mission and goals are not being observed, then the Oversight Board shall initiate corrective action by notifying FSU, in writing, of its concerns that the University is not adhering to the Moore Center's stated donative intent and goals and objectives. FSU has sixty (60) days to take corrective action along the lines outlined in the Board's notification letter, or to present evidence to the Oversight Board explaining why the University's actions are in compliance with the donative intent and the goals and objectives of the Moore Center. If The Florida State University shall fail to comply with corrective measures outlined by the Oversight Board, the Moore Center Endowment matching funds will be forfeited to the State of Florida and the Moore Family Endowment gift shall be transferred to another public charity whose goals are consistent with the original purpose of the DeVoe L. Moore and Family

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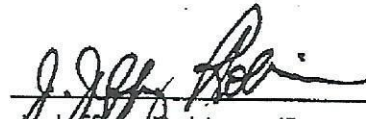
Center. If such entity should prove to be another institution within the State University System of Florida, then appeal to retain State of Florida matching funds shall be put forth.

DeVoe, we are profoundly grateful to you and your family for your generous gift provision and we pledge our steadfast stewardship of the DeVoe L. Moore and Family Endowment.

Sincerely,

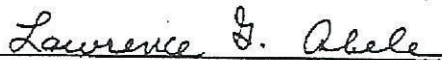


Talbot D'Alemberte, President
Florida State University

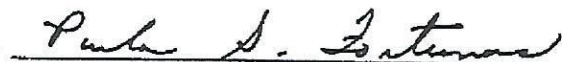


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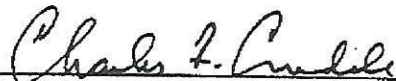
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Charles F. Chudde, Dean
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TDA:cp